



Field-Building Research Agendas

Critical Issues in Housing and Urban Policy Executive Summary

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The **What Works Collaborative** is a foundation-supported research partnership that conducts timely research and analysis to help inform the implementation of an evidence-based housing and urban policy agenda. The collaborative consists of researchers from the Brookings Institution's Metropolitan Policy Program, Harvard University's Joint Center for Housing Studies, New York University's Furman Center for Real Estate and Urban Policy, and the Urban Institute's Center for Metropolitan Housing and Communities, as well as other experts from practice, policy, and academia. Support for the collaborative comes from the Annie E. Casey Foundation, Ford Foundation, John D. and Catherine T. MacArthur Foundation, Kresge Foundation, Rockefeller Foundation, Surdna Foundation, and the Open Society Institute.

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Policymakers and practitioners working in housing and urban development face huge challenges and uncertainties. The foreclosure crisis and accompanying recession devastated housing markets in many communities and triggered major changes in housing finance. But longer-term trends playing out across the country—demographic, economic, and environmental—also demand new and more effective policy responses. Policymakers urgently need timely, reliable information and rigorous analysis of complex market interactions to diagnose long-standing and emerging problems, design effective remedies, and evaluate the performance of existing interventions.

The What Works Collaborative is a foundation-supported partnership that conducts timely research and analysis to help inform an evidence-based housing and urban policy agenda. The Collaborative’s goal is to build knowledge and share solutions with policymakers at the Department of Housing and Urban Development (HUD) and other federal agencies. Launched in 2009, the collaborative has conducted more than two dozen independent research projects that focus on HUD’s strategic goals.¹

HUD’s leadership has explicitly acknowledged the contributions of the Collaborative to their thinking and policymaking. Assistant Secretary of PD&R at HUD, Raphael Bostic, has described the What Works Collaborative as a “remarkable resource” noting that the Collaborative’s flexible ability to respond rapidly with policy analysis and research has created a “fundamental and structural impact” at HUD.

In its latest project, the Collaborative engaged with other researchers, policymakers, and practitioners to identify and prioritize unanswered questions critical to housing and urban policy development, and develop a collection of “field-building” research agendas. These agendas are intended to help guide research investments (by both government and philanthropy) that will inform and advance policy and practice over the next three to five years. This effort focuses on five broad (and overlapping) domains of housing and urban policy: 1) housing as a platform for overcoming social and economic distress, 2) housing markets, 3) housing finance, 4) successful neighborhoods, and 5) the physical landscape of the next American economy.

For each domain, Collaborative partners prepared a framing paper, laying out critical questions for public policy and summarizing what is known and unknown about these questions. These framing papers highlight critical research questions for which policymakers and practitioners need answers and suggest the new research needed to fill these gaps. Next, the Collaborative hosted convenings of key stakeholders to discuss critical knowledge gaps and identify high-priority research projects that would advance public policy over the next several years. These convenings were structured as day-long roundtable discussions, involving 30 to 40 participants (including practitioners, advocates, and policymakers as well as researchers). Participants received the framing papers in advance so discussion could focus primarily on knowledge gaps and how to fill them. Following the convenings, the framing papers were revised and Collaborative partners completed a field-building research agenda, based on the convening discussion and subsequent suggestions from participants and other outside reviewers.

¹ See <http://www.urban.org/what-works-collaborative.cfm>.

The five papers resulting from this process provide context, direction, and priorities for researchers and funders (both in government and in foundations) who want to inform housing and urban policy and practice in the coming years. This summary provides a brief overview of issues covered by each of the five papers and then focuses on critical overlaps—and potential links—between policy domains. In addition, this summary highlights several common themes that surfaced in all five discussions and therefore warrant particular attention in the knowledge-building process going forward.

Five Major Domains of Housing and Urban Policy

There are, of course, many ways to define and structure the web of issues and challenges facing housing and urban policymakers and practitioners. The What Works Collaborative makes no claim that the five domains selected for this agenda-building effort represent the optimal organizational framework, or that these domains exhaust all relevant topics. However, they do provide a workable framework for sorting and prioritizing both near-term challenges (many reflecting the lasting effects of the Great Recession) and longer-term trends (such as the aging of the baby boom generation and the ever-widening inequality of incomes and wealth).

Housing as a Platform for Overcoming Social and Economic Distress. For decades, the stated goal of federal housing policy has been to ensure “a decent home in a suitable living environment” for all Americans. This aspiration implicitly reflects an understanding that people need safe and secure places to live in order to build stable, successful lives for themselves and their children. But the particular dimensions of housing (size, physical condition, cost, location) that make a difference may depend upon individual circumstances and needs. And for some people (such as the frail elderly or people with disabilities), housing must be accompanied by services to be sustainable and supportive.

The What Works framing paper focuses in depth on three specific groups: [older renters](#), [low-income children](#), and the [formerly incarcerated](#). For each of these, the authors make explicit a theory of how particular dimensions of the housing “bundle,” combined with specific services linked to housing, may contribute to improved outcomes for residents. In all three contexts, empirical evidence to support these theoretical connections is incomplete. Policymakers and practitioners need more information about the characteristics and specific needs of at-risk populations; the capacity of the existing stock (both subsidized and unsubsidized) to meet those needs; and the potential impacts (and cost-effectiveness) of interventions that address housing quality, cost, neighborhood environment, and services.

Housing Markets. The housing needs of low-income families and vulnerable populations occur (and must be addressed) in the context of the larger housing market. And, of course, the vast majority of Americans obtain housing through the private market, although that market is profoundly influenced by federal, state, and local policies and regulations. The boom and bust that precipitated the Great Recession have left policymakers struggling to understand and address unprecedented foreclosure rates, massive declines in home values and home equity, neighborhood destabilization, and rising rents. These challenges are expected to persist for some years. But policymakers should be preparing as well to tackle longer-term challenges looming on the horizon.

Therefore, the What Works framing paper focuses on four serious and pressing housing policy challenges: the long-term damage stemming from the housing crisis; rising poverty coupled with high income inequality and volatility; the persistent concentration of poor and minority households in low-

quality housing and low-opportunity neighborhoods; and the need for environmentally sustainable and resilient buildings and communities. For each of these challenges, the authors review the state of evidence needed to inform policy choices and identify critical knowledge gaps. To be effective, policymakers need to better understand the behavior of both housing consumers and housing providers, the impacts of existing subsidies and market regulations, and the cost-effectiveness of innovative strategies.

Housing Finance. The recovery and long-term performance of U.S. housing markets unquestionably hinge on the availability and terms of financing, and with the housing finance system undergoing profound changes in the wake of the housing bust there are significant questions about what the future supply of mortgage finance will look like. Both as a retrenchment from the lax standards that prevailed during the boom years and as a response to the unprecedented decline in house prices that has yet to reach bottom in most areas, lending institutions are currently extremely cautious in their underwriting. But while tightening of lending standards was clearly warranted, there are legitimate concerns that this tightening will go too far so homeseekers with lower incomes and less accumulated wealth, imperfect credit, or unconventional sources of income may be closed out and low-income and minority neighborhoods—particularly those hard hit by the foreclosure crisis—may be starved of credit. Financing for multifamily rental housing has also been disrupted by the Great Recession, and without adequate, affordable financing, the rental sector is unlikely to provide the volume of units needed at rents people can afford (including low-income families with children, elderly renters, and formerly incarcerated persons).

The What Works framing paper highlights four critical policy challenges in housing finance: mortgage lending to underserved groups, financing for the evolving rental housing market, lending in distressed neighborhoods, and the role of mortgage finance in supporting investments in environmentally sustainable housing. In each of these areas, the authors review existing evidence and identify gaps in knowledge that stand in the way of informed policymaking. Like the housing markets paper, this paper calls for research on market behaviors (by both borrowers and lenders) as well as studies that assess existing and new financial products, subsidies, and regulations.

Successful Neighborhoods. The quality, desirability, and affordability of housing are inextricably linked with the vitality and resources in the surrounding neighborhood. The What Works framing papers on housing markets, housing finance, and housing as a platform all address these links. Increasingly, researchers and practitioners recognize that housing policies should enable and encourage low-income and minority households to live in successful neighborhoods *and* that neighborhood revitalization policies should improve conditions in neighborhoods where these households are concentrated. Although there is a rich literature describing past efforts to revitalize distressed neighborhoods, this literature provides little concrete guidance about what works in differing neighborhood and market contexts.

The What Works framing paper defines a successful neighborhood as one where conditions and trends enhance the well-being of the families and children living there and—in particular—support their socio-economic advancement. The authors focus first on basic neighborhood improvement strategies, including the selection and prioritization of target neighborhoods, then turn to specific mechanisms at work within neighborhoods (institutions/services, social interaction, environment, geography, and mobility) that provide “levers” for revitalization. In addition, the authors argue that neighborhood revitalization can never be delivered at a large scale without strengthening community-level institutions

to manage change, citywide institutions to support and reinforce success, and regional strategies for equitable housing and community development.

The Intersection of Place and the Economy. Too often, housing and neighborhood problems—and policies to address them—are discussed without reference to the larger metropolitan economies that shape and constrain them. Well before the Great Recession, the U.S. economy was on shaky footing, with many of its fastest-growing metros fueled more by consumption and amenities than by production and exports. If the nation as a whole transitions to a healthier economy, the physical landscape of metropolitan areas may change as well, with important consequences for housing markets and neighborhoods. But knowledge about the interconnections between economic activities and urban spatial form is incomplete.

Therefore, the Collaborative’s fifth framing paper “zooms out” to explore the interconnections between the built environment and the economy at the metropolitan scale. After reviewing the impacts of the Great Recession on the nation’s metros, it examines the relationships of urban form with three vital aspects of modern metropolitan economies: globalization and the production of tradable goods and services, technological innovation, and the low carbon imperative. For each dimension, the authors synthesize existing research and highlight key questions to which policymakers need answers. These include questions about how economic activities have shaped the physical landscape of metros in the past and how changes in these activities may alter that landscape over time. But it also includes important questions about how intentional changes to the built environment (housing, transportation, regulation of land uses) might facilitate or hasten progress toward a healthier, more productive, and more sustainable economy.

Cross-Cutting Challenges and Knowledge-Building Objectives

Although all five of the What Works framing papers tackle distinct policy challenges and research needs, they are clearly interconnected. Figure 1 summarizes the main elements of each paper, highlighting key areas of substantive overlap. As research proceeds to fill critical knowledge gaps, new evidence can potentially inform policy in more than one domain. For example, analysis of alternative property appraisal approaches and their implications for lending to distressed neighborhoods, recommended in the housing finance paper, would also fill gaps in knowledge about housing markets and about successful neighborhoods.

In addition, all five papers recognize and address the importance of four overarching trends rippling across the national society and economy: the long-term “scarring” effects of the Great Recession; severe fiscal constraints on federal, state, and local governments; the changing composition of America’s population; and global efforts to reduce greenhouse gas emissions. Not only will these “megatrends” exert major influences on housing, neighborhoods, and the urban landscape, but our nation’s ability to manage these trends constructively (and equitably) will hinge in part on how housing and urban policy responds to them.

Figure 1: Five Domains of Housing and Urban Policy

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| 1. Housing as a Platform for Overcoming Social and Economic Distress <ul style="list-style-type: none">A. Older RentersB. Educational Outcomes for Low-Income ChildrenC. Formerly Incarcerated Persons | 3. Housing Finance <ul style="list-style-type: none">A. Lending to Underserved GroupsB. Financing Rental HousingC. Lending in Distressed NeighborhoodsD. Financing Energy Efficiency |
| 2. Housing Markets <ul style="list-style-type: none">A. Effects of the Housing CrisisB. Poverty, Inequality, and Income VolatilityC. Neighborhood Concentration of Poor and MinoritiesD. Environmentally Sustainable Buildings and Communities | 4. Building Successful Neighborhoods <ul style="list-style-type: none">A. Basic Policy and StrategyB. Programmatic MechanismsC. Institutional Infrastructure |
| | 5. Intersection of Place and the Economy <ul style="list-style-type: none">A. Spatial Impacts of a Globalizing EconomyB. Urban Form and InnovationC. Urban Form and the Low Carbon Economy |

Although the **Great Recession** officially ended in the summer of 2009, its effects on employment, income, property values, and mortgage availability persist, and are likely to linger for several more years. Moreover, evidence suggests that some individuals, families, and neighborhoods may be permanently “scarred” by the severe blows they experienced. Young people entering the labor market during this period of persistently high unemployment (whether from high school, college, or graduate school) may delay household formation, marriage, homeownership, and child-bearing. Aging baby boomers (especially minorities) may never regain their lost home equity, which typically accounted for a huge share of their wealth, and may not be able to help their children afford today’s (higher) down payments on homes of their own. Neighborhoods hit hardest by the foreclosure crisis may be blighted by vacant, boarded-up properties and depressed property values for decades. And metropolitan economies that were dominated by residential construction and sales during the boom years may struggle to find new sources of decent-paying jobs.

The five What Works framing papers all discuss opportunities to mitigate these scarring effects through public policy, as well as research needed to design and implement such policies effectively. But these papers also recognize that policymakers at every level of government will be severely constrained in the coming years by intense **fiscal pressures**. The looming federal deficit, political pressures to reduce it sooner rather than later, and congressional gridlock about how to do so make it unlikely that the federal government will expand subsidies or launch major new initiatives. And budget pressures are at least as constraining for state and local governments, many of which are laying off workers and cutting services. As a consequence, the What Works framing papers explore the potential of policies that rely on land-use planning and market regulation (rather than subsidies) and that influence private-market behaviors by

providing better information. They also put a premium on research that evaluates the costs and cost-effectiveness of alternative interventions, so policymakers can make better use of limited public dollars.

Major shifts in the composition of the **U.S. population** are certain to reshape housing demand, neighborhood preferences, and the metropolitan workforce in coming years. These changes create opportunities but also pose significant challenges and unknowns. Key factors include the aging of the baby boom generation interacting with the racial and ethnic diversity of younger generations, largely driven by immigrants and the children of immigrants. In addition, rates of marriage are declining in the United States and the average age for childbearing is rising. Taken together, these trends raise big questions about the mix of housing types needed, tenure preferences, and location choices. Moreover, although these trends are nationwide, the relative size and growth (or decline) of different demographic groups varies dramatically across metro areas (and, in some cases, within metros). There is, of course, little that policymakers can do to alter the course of these sweeping demographic changes, but they could do considerably more to help markets respond effectively and equitably.

Global efforts to reduce **greenhouse gas emissions** also have far-reaching implications for the urban built environment. Past patterns of housing demand and supply as well as neighborhood disinvestment and sprawl have produced an auto-dependent physical landscape in most American metros. Looking ahead, policymakers can and should be making transportation investments and regulatory changes that shift patterns of development and travel behavior. In addition, housing policies and mortgage financing tools can incentivize housing consumers and producers to invest in energy-saving designs and modifications and to choose residential locations that reduce commuting costs. Finally, regional economic development strategies should foster industries that will facilitate the gradual transition to a low-carbon economy, not just as an environmental imperative, but also as a market opportunity.

Federal, state, and local policymakers trying to tackle these complex challenges need reliable information about how markets work, how individuals and institutions are likely to respond to changing incentives, and what policies and programs work. Each of the Collaborative's five framing papers concludes with an agenda of high-priority research initiatives to address critical knowledge gaps. The combined list is extensive and encompasses different kinds of knowledge building, several of which feature prominently across policy domains.

Policymakers need to understand **how individuals make choices** within market environments and how their choices are constrained. In the absence of this information, incentives may be ineffectively designed and targeted, regulations may trigger perverse reactions, and historic disparities in wealth and access to opportunity may be unintentionally perpetuated. Just as important as understanding *individual* behavior, policymakers and program administrators need accurate information about the capacities of **key institutions** and about the factors that motivate and constrain their actions. Public, nonprofit, and private (for-profit) institutions all play critical roles in housing markets, housing finance, neighborhood investment (and disinvestment), and metropolitan economic development. But it is not sufficient to aim for a single (national) body of evidence about the behaviors of individuals and institutions, because context matters profoundly and differs widely across metropolitan regions, and policies will play out very differently in different metropolitan areas. As a consequence, all five of the Collaborative's research agendas stress the need to understand how markets and programmatic outcomes respond to **variations in the larger metropolitan economy**, demographics, geography, built environment, and history.

In addition to these important substantive connections, the Collaborative’s five research agendas share some methodological commonalities. They all recommend a ***mix of methodological approaches***, including both statistical analysis of large datasets and in-depth, qualitative investigations that “zoom in” on individual and institutional decision-making processes. Some high-priority investigations would combine quantitative and qualitative components in a mixed-methods design. All five agendas also recommend studies that would exploit large-scale ***administrative datasets***, including strategies for linking individual and/or neighborhood data across policy domains. HUD could play a central role in facilitating access to its own data as well as data assembled and maintained by other federal agencies. Taken together, the research agendas outlined here yield a short-list of high priority ***experiments***, which would rigorously test new programmatic interventions through random control trials. Experiments of this type are expensive and time-consuming, and are not the best method for answering all policy questions. But when carefully designed and focused, they can provide definitive evidence about program feasibility, costs, and benefits—evidence essential for smart policymaking in times of severely constrained resources.

The What Works Collaborative was formed to build knowledge and share solutions with policymakers at Housing and Urban Development (HUD) and other federal agencies about current and emerging challenges in housing and urban policy, broadly defined. In this project, the Collaborative’s research partners engaged with other researchers, policymakers, and practitioners to identify and prioritize unanswered questions critical to housing and urban policy development, and discuss research investments needed to move policy and practice forward over the next three to five years. We hope that the five papers summarized here provide useful context, direction, and priorities for researchers and funders (both in government and in foundations) who want to inform housing and urban policy and practice in the coming years.